

# A Comprehensive Study on Impact and role of SHGs in Eastern U.P.

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**Abstract-** Microfinance is gathering momentum to become a major force in India. The self-help group (SHG) model with bank lending to groups of (often) poor women without collateral has become an accepted part of rural finance. The present article tries to draw attention to the positive impact of SHG's in Eastern U.P. With traditionally loss-making rural banks shifting their portfolio away from the rural poor in the post-reform period, SHG-based microfinance, nurtured and aided by NGOs, have become an important alternative to traditional lending in terms of reaching the poor without incurring a fortune in operating and monitoring costs. The government and NABARD have recognized this and have emphasized the SHG approach and working along with NGOs in its initiatives. In spite of the impressive figures, microfinance in India is still presently too small to create a massive impact in poverty alleviation, but if pursued with skill and opportunity development of the poor, it holds the promise to alter the socioeconomic face of the India's poor.

## I. INTRODUCTION

The SHG movement in India is basically aimed at utilizing the SHG's as an 'intermediately' between the banks and the rural poor to help drastically reduce transaction costs for both the banks and the rural clients (Nanda, 1995). NABARD with its head quarters at Mumbai is an Apex Development Bank in India for financing and promoting agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts so as to promote integrated rural development. In wake of banking sector reforms invoked in early 1990's the role of commercial banks in providing credit to rural poor came under intensive debate vis-à-vis the sustainability of entire banking operation for providing banking services-both in terms of savings and credit-to the rural poor. Sheokand (1998) has indicated that as the rural poor's share in availing formal sector credit got further marginalized, NABARD, in 1992 launched the SHG - Bank linkage programmed with the policy backup of the Reserve Bank of India (Sheokand, 1998). According to Shanmugam(1998) the SHG - Bank linkage programmed initiated by NABARD, in active collaboration with Non-Governmental Organizations (NGOs), aimed at enhancing the coverage of rural poor under institutional credit thereby focusing on poverty alleviation and empowerment (Shanmugam, 1998). Prior to this, NABARD's initiative in promoting active partnership between banks and SHGs was encouraged by the findings of a study conducted in 1988-89 by NABARD in collaboration with member institutions of Asia Pacific

Rural and Agricultural Credit Association (APRACA), Manila. The study covered 43 NGOs involved in promoting savings and credit SHGs in 11 states of the country.

As per a NABARD report (1995) the scheme on SHGs was made applicable to RRBs and co-operative banks of the country in 1993 and in April'96, RBI advised the banks that lending to SHGs should be considered as an additional segment under priority sector advances and it be integrated with mainstream normal credit operation. Rao & Dasgupta (1999) have commented that the SHG-bank linkage programmer has gained considerable movement in southern region of the country, though the northern states too are also now catching up fast and an overwhelming (78%) of the listed SHGs are Women Self Help Groups (SHG's), that is the SHGs which constitute of only women members (Rao and Dasgupta, 1999). Since the inceptions of NABARD promoted SHG linkage programme there has been an appreciable increase both in formation of SHG and their linkage with the banks.

The concept and importance of SHGs has been accepted and adopted by policy makers and they will form the backbone of rural poverty alleviation strategies, implemented by Government of India.

In the context of Eastern U.P. There are many programmes run by Government to poverty alleviation .SHGs Based Micro credit Model is one of the renowned programme. Since last two decades there are million of SHGs formed under the programmed of Micro credit by government and non government sector. Through primary data this paper highlight what is ultimate impact on People of Eastern Uttar Pradesh, in each perspective of SHGs.

## II. OBJECTIVES OF STUDY

This article will examine the Impact and role of Self Help Groups in enabling women's access to credit in Eastern U.P. The study will identify key sociological and economical issue, which affects the formation of SHGs and their credit linkage-what leads to their successful /failure .It will focus on the linkage between SHGs, microfinance, poverty reduction and women's empowerment .It will also examine the impact of SHGs on Poverty Reduction and Women's empowerment.

## III. HYPOTHESIS

Following hypotheses have been empirically tested:

- SHG's are playing crucial role in channelization of institutional credit to rural poor women;
- SHG's have direct bearing on socio-economic empowerment of poor women'

- c) A number of NGO's, voluntary organizations and government agencies are involved in promotion of SHG's to ensure institutional credit to poor rural women;
- d) The functioning of SHG's is not up to the desired satisfaction level due to various socio-cultural factors;
- e) Capacity building for strengthening SHG's is beyond satisfaction;
- f) There is large scope for promotion of SHG's to ensure participatory development and people-centered and decentralized governance.

#### IV. RESEARCH DESIGN

Present study is empirical in nature based on mainly primary data collected through field survey. The field survey has been carried out in Uttar Pradesh and The coverage of area and sample is shown in Table 1.1. Total 3 districts viz. Gorakhpur (Eastern U.P.), Basti (Eastern U.P.) Siddharthnagar (Eastern U.P.) were selected. Four blocks in each selected district were further identified randomly

hile in each selected block four scheduled caste populated villages were randomly selected. In each selected village, two SHG's were selected, however, in the absence of SHG's in the village, number of SHG's in larger villages has been increased to meet the target. Total of 96 SHG's and 480 members of SHG's were randomly selected for field survey. Different sets of questionnaires were made for SHG's members, representatives of NGO's or SHG's promoters and bank officials. The questionnaires pertained to the relevant questions, scales of view point and issues related to literacy, level of participation in decision making, awareness regarding rights, entitlements and development programmes, owning of resources, health and sanitation, girl child education, nutrition, attention towards family income, family planning and accessibility to institutional credit etc. The filled in schedules and questionnaires were thoroughly checked and edited. The data has been tabulated to draw out inference, trends, patterns and conclusions. The policy measures are based on critical appreciation of pertinent literature and analysis of research findings.

Table:-1.1

DISTRICT	No. of Villages	Sample		Development Functionaries			
		SHG Group	Beneficiary	Dev. Officers	NGO Promo-ter	Rural Elites	Bank Officers
Gorakhpur	21	32	160	3	6	10	4
Basti	16	32	160	4	4	15	4
Siddharthnagar	20	32	160	8	2	14	4
TOTAL	57	96	480	15	12	39	12

Micro-finance interventions are well-recognized world over, as an effective tool for poverty alleviation and improving socio-economic conditions of the poor. In India too, micro-finance is making head way in its efforts for reducing poverty and empowering women in particular. The impact of micro-finance programme through SHG's has been effective in making positive social change to all members, irrespective of the direct borrowers of the micro-credit. Importantly, in the rural context, the SHG's have facilitated the poor, especially the women to overcome the existing constraints grappling the formal credit institutions. These groups provide considerable social protection and income opportunities to the members. The SHG's have acquired a prominent status in maximizing social and financial returns. The promotion of income generation activities for the poor rural women is perceived as a powerful medium to resolve several socio-economic problems such as reduction in poverty, provision of goods and services

appropriate to local needs, redistribution of income and opportunities in the community etc. Socio-economic Conditions of Beneficiaries: Age, education, caste, religion, marital status, family income, housing conditions etc. are some of the important variables that affect women in their empowerment and development. Most of the surveyed beneficiaries were belonging to age group of 26-35 years (41.66 percent) and 36-45 years (36.04 percent). Thus, making a majority of to middle age group (Table 7.1). the surveyed beneficiaries were belonging to age group of 26-35 years (41.66 percent) and 36-45 years (36.04 percent). Thus, making a majority of to middle age group (Table 1.2)

**Table No. 1.2**  
**Age Group of Beneficiaries**

Age	Gorakhpur	Basti	Siddharth-nagar	Total
< 25 year	12 [7.50]	9 [5.63]	13 [8.13]	34 [7.08]
26-35 year	55 [34.38]	81 [50.63]	64 [40.00]	200 [41.66]
36-45 year	63 [39.38]	54 [33.75]	56 [35.00]	173 [36.04]
46 to above	30 [18.75]	16 [10.00]	27 [16.88]	73 [15.21]
N.	160	160	160	480

Source: Field Survey

\* Figures given in brackets indicates percentage

Knowledge and awareness regarding SHG's activities are shown in Table 1.3

**Table No. 1.3**  
**Awareness Of SHG's Activity**

	Gorakhpur	Basti	Siddharth-nagar	Total
Meeting Calendar	141 [88.12]	100 [62.50]	133 [83.13]	374 [77.91]
Rules & Regulation	116 [72.50]	85 [53.13]	122 [76.25]	323 [67.29]
Information in Group Records	122 [76.25]	85 [53.13]	120 [75.00]	327 [68.12]
Cash in Hand	125 [78.13]	141 [88.13]	140 [87.50]	406 [84.58]
Balance in Bank	160 [100.00]	143 [89.38]	160 [100.00]	463 [96.45]
Outstanding Loan	132 [82.50]	110 [68.75]	155 [96.88]	397 [82.70]
Total Capital of the Group	151 [94.37]	146 [91.25]	141 [88.12]	438 [91.25]
Savings of Group	150 [93.75]	110 [68.75]	150 [93.75]	410 [85.41]
Total Loaning of The Group	141 [88.13]	160 [100.00]	139 [86.88]	440 [91.66]
Number of Member Taken Loan	145 [90.63]	160 [100.00]	141 [88.13]	446 [92.92]
Number of Member Repaid Loan	135 [84.37]	150 [93.75]	111 [69.38]	396 [82.50]

Name of Bank	154 [96.25]	160 [100.00]	147 [91.88]	461 [96.04]
Income of Group	160 [100.00]	160 [100.00]	157 [98.13]	477 [99.37]
Objective of Group	136 [85.00]	125 [78.13]	127 [79.38]	388 [80.83]
Achievements of Group	111 [69.38]	110 [68.75]	145 [90.63]	366 [76.25]
Constraints of Group	149 [93.13]	140 [87.50]	130 [81.25]	419 [87.29]
Others				130 [27.08]
N.	160	160	160	480

Source: Field Survey

\* Figures given in brackets indicates percentage

The issues like cash in hand, balance in bank, savings of group, number of member who have taken loans, name of bank, group income, total capital of group etc. are well known to the majority of the members of group. However, awareness regarding constraints of groups,

Meetings calendar, rules and regulation, group records, objectives of groups etc. has been recorded low. There has been nominal linkage in the saving rate of members. The significant increase in savings has been recorded in , Gorakhpur . (Table 1.4).

Table No. 1.4  
Saving Rate of Respondents

	Rs.	Gorakhpur	Basti	Siddharth-nagar	Total
Present	Below 50	130 [81.25]	90 [56.25]	30 [18.75]	250 [52.08]
	50-100	30 [18.75]	65 [40.62]	130 [81.25]	195 [40.62]
	101-200		5 [3.13]		5 [1.04]
	201 to above				
Initial	Below 50	135 [84.38]	90 [56.25]	20 [12.50]	245 [51.04]
	50-100	25 [15.63]	65 [40.62]	120 [75.00]	210 [43.75]
	100-200		5 [3.13]	20 [12.50]	25 [5.20]
	200 to above				
N.	160	160	160	160	480

Source: Field Survey

\* Figures given in brackets indicates percentage

Importantly, there has been increase of 0.34 percentage points and 3.1 percentage points in the savings amount of Rs. below 50 and Rs. 50 to 100 categories during the initial and present stage. The respondents were asked to reveal the important purposes of savings. The prominent factors

reported were self- respect, emergencies, medical, social security, agricultural operations, festivals, marriages, education of children etc. The most important purpose among the factors was cited for was found to be self-respect (100%) of the women (Table 1.5).

Table No. 1.5  
Purpose of Savings

	Gorakhpur	Basti	Siddharth-nagar	Total
Social Security	160 [100.00]	126 [78.75]	156 [97.50]	442 [92.08]
Food Security	102 [63.75]	66 [41.25]	120 [75.00]	288 [60.00]
Education	123 [76.88]	123 [76.88]	119 [74.38]	365 [76.04]
Medical	160 [100.00]	160 [100.00]	154 [96.25]	474 [98.75]
Marriage	112 [70.00]	135 [84.38]	108 [67.50]	355 [73.95]
Festivals	160 [100.00]	100 [62.50]	142 [88.75]	402 [83.75]
Emergencies	160 [100.00]	160 [100.00]	160 [100.00]	480 [100.00]
Agriculture	117 [73.13]	120 [75.00]	144 [90.00]	381 [79.37]
Asset Building	107 [66.88]	75 [46.86]	117 [73.13]	299 [62.29]
Self Respect	160 [100.00]	160 [100.00]	160 [100.00]	480 [100.00]
N.	160	160	160	480

Source: Field Survey

\* Figures given in brackets indicates percentage

Age wise savings amount of the respondents has been shown in Table 1.6 In the low age group, savings have been reported higher while in middle age group, they are lower. Significantly, savings in the nuclear families are higher as compared to joint families. It is because of the fact that the joint families require more funds to maintain and sustain them (Table 1.6)

Table No. 1.6  
Age Group wise Savings Amount

Age	Less than 500	501 – 1000	1001 – 1500	1501 – 2000	2001 – 2500	2501 – 3000	3000 to above	Total
Less than 25 years	4 [3.44]	6 [4.25]	4 [4.34]	4 [8.50]	5 [29.41]	12 [46.54]	11 [26.82]	46 [9.58]
26-35 years	67 [57.75]	79 [56.08]	32 [34.78]	14 [29.78]	2 [11.76]	2 [7.6]	9 [21.95]	205 [42.70]
36-45 years	42 [36.20]	53 [37.58]	43 [46.73]	16 [34.04]	3 [17.64]	4 [15.38]	13 [31..70]	174 [36.25]
46 to above	3 [2.58]	3 [2.12]	13 [14.13]	13 [27.66]	7 [441.17]	8 [30.76]	8 [19.51]	55 [11.45]
N.	116	141	92	47	17	26	41	480

Source: Field Survey

\*Figures given in brackets indicates percentage

Table No. 1.7  
Type of Family and Savings Amount

	Less than 500	501 – 1000	1001 – 1500	1501 – 2000	2001 – 2500	2501 – 3000	3000 to above	Total
Nuclear	80 [68.96]	122 [86.52]	73 [79.34]	32 [68.08]	11 [64.70]	12 [46.67]	17 [41.15]	347 [72.29]
Joint	36 [31.04]	19 [13.47]	19 [20..65]	15 [31.91]	6 [35.29]	14 [53.33]	24 [58.53]	133 [27.70]
N.	116	141	92	47	17	26	41	480

Source: Field Survey

\* Figures given in brackets indicates percentage

Significantly, the women members who are employed are saving more as compared to women who are labour or housewives (Table 1.8).

Table No. 1.8  
Employment wise Savings Amount

Employment	Less than 500	501 – 1000	1001 – 1500	1501 – 2000	2001 – 2500	2501 – 3000	3000 to above	Total
Housewife	57 [49.13]	32 [22.69]	7 [7.60]	19 [40.42]	6 [35.28]	5 [19.23]	3 [25.00]	129 [26.88]
Employment	3 [2.58]	9 [6.38]	4 [4.34]	5 [10.63]	8 [47.05]	9 [34.61]	15 [36.58]	53 [11.04]
Self Employment	36 [31.03]	57 [40.42]	49 [53.26]	16 [34.04]	1 [5.88]	9 [34.61]	9 [21.95]	177 [36.87]
Professional							2 [4.87]	2 [0.41]
Labour	20 [17.24]	43 [30.49]	32 [34.78]	7 [14.89]	2 [11.76]	3 [11.53]	12 [29.26]	119 [24.79]
N.	116	141	92	47	17	26	41	480

Source: Field Survey

\* Figures given in brackets indicates percentage

Again, the savings have been reported high in case of high income group families and they are low in case of respondents belonging to low income group families (Table 1.9).

Table No. 1.9  
Income wise Savings Amount of Beneficiaries

Income (Rs.)	Less than 500	501 – 1000	1001 – 1500	1501 – 2000	2001 – 2500	2501 – 3000	3000 to above	Total
Below 10000	26 [22.41]	16 [11.34]	19 [20.65]	8 [17.02]	1 [5.88]	7 [26.92]	3 [7.31]	80 [16.66]
10000 – 15000	7 [6.03]	26 [18.43]	21 [22.82]	11 [23.40]	3 [17.64]	5 [19.23]	4 [9.75]	77 [16.04]
15000 – 20000	30 [25.86]	32 [22.69]	6 [6.52]	9 [19.14]	2 [11.76]	2 [7.69]	9 [21.95]	90 [18.75]
20000 – 30000	47 [40.51]	50 [35.45]	12 [13.04]	11 [23.40]	1 [5.88]	1 [3.84]	5 [12.19]	127 [24.45]
30000 above	6 [5.17]	17 [12.05]	34 [36.95]	8 [17.02]	10 [58.82]	11 [42.30]	20 [48.78]	106 [22.08]
N.	116	141	92	47	17	26	41	480

Source: Field Survey

\* Figures given in brackets indicates percentage

Importantly, high savings were reported among the educated respondents as compared to low educated respondents (Table 1.10).

Table No. 1.10  
Education wise Savings Amount

Education	Less than 500	501 – 1000	1001 – 1500	1501 – 2000	2001 – 2500	2501 – 3000	3000 to above	Total
Illiterate	76 [65.52]	44 [31.20]	13 [14.13]	4 [8.5]	2 [11.760]		1 [2.43]	140 [29.16]
Literate	7 [6.03]	57 [40.42]	39 [42.39]	13 [27.65]	1 [5.88]	2 [7.69]	4 [9.75]	123 [25.62]
Primary	7 [6.03]	15 [10.63]	16 [17.39]	9 [19.14]	1 [5.88]	3 [11.53]	4 [9.75]	55 [11.45]
Middle Class	16 [13.79]	22 [15.60]	13 [14.13]	8 [17.02]	2 [11.76]	9 [34.61]	4 [9.75]	74 [15..41]
High School	8 [6.90]	2 [1.41]	8 [8.69]	10 [21.27]	4 [23.52]	7 [26.92]	5 [12..19]	44 [09.16]
Intermediate	2 [1..72]	1 [0..70]	2 [2.17]	2 [4.25]	4 [23.52]	3 [11.53]	11 [26.82]	25 [5.20]
Graduation			1 [1.08]	1 [1.82]	2 [11.76]	1 [3.84]	9 [21.95]	14 [2.91]
Post Graduation					1 [5.88]	1 [3.84]	3 [7.31]	5 [1.04]
N.	116	141	92	47	17	26	41	480

Source: Field Survey

\* Figures given in brackets indicates percentage

Women are forced to take up low income, low productive occupations because of structured constraints. They also face some other constraints in their work. They are also considered as poor credit risks by the financial institutions. As women do not have any land, property or assets in their name, they are not able to produce the required papers for access to formal credit. Also, they tend to engage in small scale activities, which often do not qualify for formal credit. These activities suffer from poor productivity, poor market performance and poor business management. Women's illiteracy, their lack of experience in public life and low mobility, make it difficult for them to access credit. One of the objectives of the credit for empowerment approach entails building capabilities of the group to increase the credit absorption and the sustainable livelihood. This approach assumes that women would be empowered by resending their economic problem in society. However, developing entrepreneurship, especially among rural women's pose challenges. Rural women face strong cultural barriers that often restrict them to their homes and limit their

mobility. There are a number of other obstacles for women entrepreneurship, especially in the rural context. Women with their low levels of education, little bit of training and entrepreneurship almost non-existence of exposure to business and a strong fear of failure would like to take the plunge. Women's business is different from those of men. Women tend to pursue business strategies that weigh household maintenance and risk reduction heavier than men. They also tend to give less emphasis to enterprise growth, preferring to invest profits in their families than in expanding their enterprises. However, SHG's approach has enabled rural women to avail the credit and its effective utilization for promoting sustainable livelihood and earnings.

The majority of the respondents have received internal loan, bank loan, as well as cash credit facility. Only, more than one fourth respondents have repaid their dues while rest is supposed to repay their dues. The proportion of respondents, who have to pay their dues, has been reported high in Basti, (Table 1.11).



Table No. 1.11  
Amount of Internal Loaning

Average (Rs.)	Gorakhpur	Basti	Siddharth-nagar	Total
Internal Loaning	160 [100.00]	160 [100.00]	160 [100.00]	480 [100]
Bank Loaning	160 [100.00]	160 [100.00]	160 [100.00]	480 [100]
Revolving Fund	160 [100.00]	160 [100.00]	160 [100.00]	480 [100]
Repayment	42 [26.25]	40 [25.00]	48 [30.00]	130 [27.08]
Balanced	118 [73.75]	120 [75.00]	112 [70.00]	350 [72.92]
N.	160	160	160	480

Source: Field Survey

\* Figures given in brackets indicates percentage

Main purpose of loaning is given in Table 1.12 Consumption loan dominates over the micro-financing. Emergency expenses accounted second major purpose of loaning. The proportion of consumption loan has been

recorded highest in Basti, while that of emergency needs high in almost all the districts. The constructive purpose of micro-financing has been reported higher in Basti (Table 1.12).

Table No. 1.12  
Purpose Of Loaning

	Gorakhpur	Basti	Siddharth-nagar	Total
Consumption	120 [75.00]	150 [93.75]	135 [84.38]	405 [84.37]
Agriculture	100 [62.50]	105 [65.62]	70 [43.75]	275 [57.29]
Animal Husbandry	90 [56.25]	90 [56.25]	80 [50.00]	260 [54.16]
Income Generating Activity	80 [52.50]	75 [46.88]	50 [31.25]	205 [42.70]
Asset Building	25 [15.63]	10 [6.25]	15 [9.38]	50 [10.41]
Emergencies	160 [100.00]	160 [100.00]	160 [100.00]	480 [100.00]
Others	100 [62.50]	90 [56.25]	90 [56.25]	280 [58.33]
N.	160	160	160	480

Source: Field Survey

\* Figures given in brackets indicates percentage

The status of balance amount to be paid is shown in Table 1.13

Table No. 1.13  
Balance Amount to Be Paid

Rs.	Gorakhpur	Basti	Siddharth-nagar	Total
Less than 500	45 [28.13]	20 [12.50]		65 [13.54]
501 – 1000	80 [50.00]	40 [25.00]	25 [15.63]	145 [30.20]
1001 – 1500	15 [9.38]	50 [31.25]	35 [21.88]	100 [20.83]
1501- 2000	10 [6.25]	40 [25.00]	15 [9.38]	65 [13.54]
2001 – 2500	5 [3.13]		5 [3.13]	10 [2.08]
2501 – 3000			25 [15.63]	25 [5.20]
3001 to above	5 [3.13]	10 [6.25]	55 [34.38]	70 [14.58]
N.	160	160	160	480

Source: Field Survey

\* Figures given in brackets indicates percentage

Most of the respondents reported that they have to pay dues up to Rs. 1000 (53.57 percent), while only a small proportion has to repay heavy dues. The respondents were

asked regarding receiving of benefits from development programmes. Only 31 percent of them reported that they availed benefits. It was reported to be highest in Basti while in majority of the cases women members could not get any benefit from development programmes (Table 1.14).

Table No. 1.14  
Whether Received Benefits From Govt. Schemes

	Gorakhpur	Basti	Siddharth-nagar	Total
Yes	45 [28.13]	50 [31.25]	25 [15.62]	120 [25]
No	115 [71.88]	110 [68.75]	135 [84.38]	360 [75.00]
N.	160	160	160	480

Source: Field Survey

\* Figures given in brackets indicates percentage

The socio-economic conditions of members have improved since joining the groups. The positive changes have been reported in case of awareness regarding nutrition, health, hygiene, family planning, decision making related to money centered, interaction with outsiders, mobility, educational

development, access to health services, family income etc. (Table 1.15).

Table No. 1.15  
Changes on Socio-economic Status After Joining SHG

	Same	Increased	Decreased	Deterio- rated	N
Mobility	257 [53.54]	219 [45.62]	4 [0.83]		480
Recognition in Family	345 [71.88]	129 [26.87]	6 [1.25]		480
Recognition in Community	386 [80.41]	86 [17.91]	8 [1.66]		480
Interaction With Outsiders	137 [28.54]	343 [71.45]			480
Literacy/ Education	193 [40.20]	275 [57.29]		12 [2.50]	480
Access To Health Services	60 [12.50]	420 [87.50]			480
Access To Immunization	58 [12.05]	422 [87.92]			480
Access To Sanitation Facility	429 [89.37]	43 [8.95]		8 [1.66]	480
Access To Credit Sources	343 [71.45]	129 [26.87]		8 [1.66]	480
Asset Building	309 [64.37]	171 [35.62]			480
Family Income	43 [8.95]	437 [91.04]			480
Skills	424[88.33]	56 [11.66]			480
Voicing Concern	296 [61.66]	180 [37.50]		4 [0.83]	480
Nutrition Awareness	122 [25.41]	344 [71.66]		14 [2.91]	480
Family Planning Awareness	141[29.37]	315 [65.62]	11 [2.29]	13[2.70]	480
Child Development Awareness	480[100.00]				480
Health Awareness		480 [100.00]			480
Decision Making Related To Child Development	422 [87.91]	58 [12.08]			480
Decision Making Related To Money	65 [13.54]	401 [83.54]	3 [0.62]	11 [2.29]	480
Participation In Development Programme	287[59.79]	193 [40.20]			480
Individual Income		480 [100.00]			480
Others	193 [40.20]	264 [55.00]	13 [2.70]	10 [2.08]	480

Source: Field Survey

\* Figures given in brackets indicates percentage

The SHG's have enabled women in attitudinal change of the community towards SHG's as well as its members. Members

interact with other members for experience sharing and exposure (Table 1.16).

Table No. 1.16  
Interaction of Group Members With Other Groups

	Gorakhpur	Basti	Siddharth-nagar	Total
Yes	140 [87.50]	125 [78.13]	130 [81.25]	395 [82.29]
No	20 [12.50]	35 [21.88]	30 [18.75]	85 [17.70]
N.	160	160	160	480

Source: Field Survey

\* Figures given in brackets indicates percentage

Again, SHG's have created positive attitude of community towards functioning of SHG's, micro-financing as well as being effective on social problems (Table 1.17).

Table No. 1.17  
Perception of Community Towards SHG's

	Gorakhpur	Basti	Siddharth-nagar	Total
Well Organized Family	160 [100.00]	82 [51.25]	150 [93.75]	392 [81.67]
Good Relationship With Their Husband	100 [62.50]	44 [27.50]	109 [68.13]	253 [52.70]
Check On Alcoholism	68 [42.50]	4 [2.50]	79 [49.38]	151 [31.45]
Control Our Saving	160 [100.00]	160 [100.00]	160 [100.00]	480 [100.00]
Self Confidence	160 [100.00]	160 [100.00]	160 [100.00]	480 [100.00]
Awareness	160 [100.00]	160 [100.00]	160 [100.00]	480 [100.00]
Others		30 [18.75]		30 [6.25]
N.	160	160	160	480

Source: Field Survey

\* Figures given in brackets indicates percentage

Under the empowerment approach to micro-financing and particularly micro enterprises promotion, economic interventions are taken as part of a wider process. The need to facilitate the growth of non-farm economy in rural areas has been strongly felt. This would be possible only when agricultural growth becomes more dynamic and vibrant. It would provide the inputs for processing both food and cash crops, demand inputs and services from the local economy and generate economic surpluses, which would convert into demand for all kinds of consumer goods and services. There is also need to establish support mechanism for women

managed micro enterprises. There are essentially two major aspects to this (i) mobilization of investment funds and (ii) provision of business management and technical support services to SHG's members. Significantly, marketing has been identified as one of the major weaknesses of micro enterprises. SHG's and NGO's have always given more priority and importance to production and less to marketing. Rural enterprises also suffer from low capitalization. Monitoring and evaluation are increasingly being recognized as indispensable tools of project management. Evaluations are progressively being replaced with impact assessment, which gives greater focus on the outcomes of the interventions, rather than inputs and

outputs. The analysis simply demonstrates that SHG's have created conducive environment for growth and development of micro enterprises, meeting out the credit and training needs to its members, convergence with government programmes and overall empowerment of its members in terms of improved socio-economic status, income and earnings, mobility and confidence building to sustain and manage business on their own.

#### V. CONCLUSIONS

Micro-finance interventions are well-recognized world over as an effective tool for poverty alleviation and improving socio-economic status of rural poor. In India too, micro-finance is making headway in its effort for reducing poverty and empowering rural women. Micro-finance through the network of cooperatives, commercial banks, regional rural banks, NABARD and NGO's has been largely a supply driven recent approach. Micro-finance institutions are other than banks which are engaged in providing financial services to the poor. There are three types of lending technologies:

- (i) The document based and asset based conventional technology, which is followed by almost all existing banks.
- (ii) The group lending technology, which comes in various shapes and forms having its own advantages as well as drawbacks.
- (iii) Individual based lending technology is one where the Micro-finance institutions have to be very careful in assessing the repayments capacity of the borrowers. In fact, a major innovations in this area is that the MFI's have to train loan officers to assess the repayment capacity of the potential borrowers. The above technologies are focused on micro-finance through SHG's, however, credit accessibility to poor through SHG's has been enhanced tremendously and the recovery has become comparatively higher.

Rural women play a significant role in the domestic and socio-economic life of the society and therefore, holistic national development is not possible without developing this segment of the society. The review of studies related to credit accessibility to women simply demonstrates that the direct access to institutional credit to rural women is very limited and suffers from the sex bias in extending it to them. However, women from the non-farm sector have better access to banks than the women working in the farm sector. Even, male members of women borrowers have greater influence on accessibility to credit utilization and its repayment.

The SHG's became a regular component of the Indian financial system since 1996. The SHG's are small, informal and homogenous groups. These groups have proved as cyclic agents of development in both the rural and urban areas. The SHG's after being formed started collecting a fixed amount of thrift from each member regularly. After accumulating a reasonable amount of resources, the group starts lending to its members for pretty consumption needs. If the bank is satisfied with the group in terms of (i) genuineness of demand for credit; (ii) credit handling capacity of the members; (iii) repayment behaviour

within the groups; and (iv) the accounting system and maintenance of the records, it extends a term loan of smaller amount to the group.

Thus, financing through SHG's effects quite a few benefits viz; (i) savings mobilized by the poor; (ii) access to the required amount of appropriate credit by the poor; (iii) meeting the demand and supply of credit structure and opening of new market for financing institutions; (iv) reduction in transaction cost for both lenders and borrowers; (v) tremendous improvement in recovery; (vi) heralding a new realization of subsidy-less and corruption-less credit; and (vii) remarkable empowerment of poor women. The strengths of SHG's may be categorized in the following manner:

Groups members usually create a common fund by contributing their small savings on a regular basis; groups manage pooled resources in a democratic way; considers loan requests; and loans are disbursed by purposes. The rates of interest vary from group to group higher than that of banks but lower than that of moneylenders.

The average deposit and loan size of SHG account is larger than individual accounts under the priority sector, bank transaction of cost of dealing with SHG's is obviously lower than that of individual borrowers; the rate of growth of credit absorption of SHG's is much higher than individual borrowers under the priority sector.

- Banks can reduce the operating costs of forming and financing of SHG's, involving NGO's or youths for their forming and nurturing.
- The innovative forms of financing is imperative to supplement credit strategies for meeting the needs of the poor by combining the flexibility, sensitivity and responsiveness of the informal credit system with the technical and administrative capabilities and financial resources of formal financial institutions and also to build material trust and confidence between bankers and the rural poor and to encourage banking in a segment of population that formal financial institutions usually find difficult to reach.
- The entire process of internal savings and credit is backed by financial and management counseling, promotion of new avenues of employment and motivation for enhancement of earnings from the ongoing activities.
- The groups develop their own management system and accountability for handling the resources generated. The interaction among the members in based on participatory mechanism is terms of decision-making.
- Small savings of rural women can generate the required resources, which can wean the people away from the exploitation of moneylenders. Thus, the voluntary savings constitute the key for economic progress. Promotion of SHG's can bring women into the mainstream of economic development. Credit through SHG's is being

regarded more suitable by banks and NGO's since creditability of SHG's regarding utilization and Recovery is praiseworthy.

- Credit accessibility through SHG's is cost effective and group approach can ensure wider coverage of poor families through bank credit, even the members of the group learn to interdisciplinary approach the banks adopt to deal.
- SHG's can create a unique, alternative need based credit delivery mechanism by pooling their meager resources for catering to their consumption and production requirements.

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